

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
GALVESTON DIVISION

G&H DIVERSIFIED § 3:20-CV-00376
MANUFACTURING, LP §
§
V. § 9:49 A.M. TO 10:07 A.M.
§
DYNAENERGETICS EUROPE §
GMBH, ET AL § MARCH 11, 2021

INITIAL CONFERENCE VIA VIDEO CONFERENCE
BEFORE THE HONORABLE ANDREW M. EDISON
Volume 1 of 1 Volume

APPEARANCES: (All parties appeared via video conference)

FOR THE PLAINTIFF:

Mr. Amir H. Alavi
Mr. Steven Thomas Jugle
Ahmad, Zavitsanos, Anaipakos, Alavi & Mensing P.C.
1221 McKinney Street, Suite 2500
Houston, Texas 77010-2009
(713) 655-1101

FOR THE DEFENDANTS:

Mr. Terry D. Kernell
Rusty Hardin & Associates, LLP
1401 McKinney Street, Suite 2250
Houston, Texas 77010
(713) 652-9000

and

Mr. Barry Jeff Herman
Ms. Stephanie Nguyen
Womble, Bond & Dickinson
100 Light Street, 26th Floor
Baltimore, Maryland 21202
(410) 545-5830

and

Mr. Preston H. Heard
Womble, Bond & Dickinson
271 17th Street NW, Suite 2400
Atlanta, Georgia 30363
(404) 888-7366

1 **APPEARANCES: (continued)**

2 Court Reporter:
3 Laura Wells, RPR, RMR, CRR
4 515 Rusk Street, Suite 8004
5 Houston, Texas 77002

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1 **(The following proceedings held via video conference.)**

2 THE COURT: And last but not least, and
3 definitely not least, Case Number 3:20-CR-376, G&H
4 Diversified Manufacturing, LLP v. DynaEnergetics Europe.

09:49:48 5 Who do we have, starting with the plaintiff, please?

6 MR. ALAVI: Good morning, Your Honor. This is
7 Amir Alavi with AZA for the plaintiff. I have with me, on
8 Zoom, Steven Jugle from the firm as well.

9 MR. JUGLE: Good morning, Your Honor.

09:49:52 10 THE COURT: Good morning to both of you.

11 And for the defendants?

12 MR. KERNELL: Good morning, Your Honor. This is
13 Terry Kernell. With me on the hearing and throughout the
14 hearing this morning is Preston Heard, Barry Herman, and
09:50:13 15 Stephanie Nguyen. We are acting as local counsel. They
16 are, respectively, in Atlanta and in Maryland with the
17 firm of Womble, Bond & Dickinson. And if everything goes
18 according to plan, I have now said everything that I will
19 be saying during the hearing.

09:50:45 20 THE COURT: You did a great job, Mr. Kernell.
21 Good to see you. It's been a long time.

22 MR. KERNELL: It has. It has. I see we go to
23 the same hair colorist.

24 THE COURT: I didn't realize you were as young as
09:50:48 25 I am. Apparently you didn't read the tie memo, but I'm

1 glad to see everyone else did.

2 MR. KERNELL: Well, I did but -- anyway, go
3 ahead.

09:51:03

4 THE COURT: Okay. Obviously, a patent
5 infringement case. Let me start with the unopposed motion
6 for extension of time to support -- basically, a week
7 extension, Docket Entry 29. I'll sign that order today or
8 right now. I was just looking at the docket sheet to see
9 if Judge Brown beat me to the punch. So we'll get that
10 signed, and you'll be well on the way there.

09:51:25

11 So, I guess, here is my question. I have the two
12 drafts y'all sent to me from each side. I'll just be
13 honest. I'm not sure what I should do with it. Like,
14 every other time I have been involved in patent cases, the
15 parties get together and agree to the dates. And so --
16 I'm just being as candid as I can -- you know, when
17 someone says, hey, you know, set this deadline 15 weeks
18 after and someone sends it and says do it and put 11 weeks
19 after, how do I make a decision? Do I just split the
20 difference? I mean, what do I do? Because I want to put
21 together a schedule that the parties want to agree to. It
22 just sounds -- I mean, I'm just -- I am at a loss.

09:52:05

23 MR. ALAVI: Your Honor, this is Amir Alavi on
24 behalf of the plaintiff. Maybe I can clarify it just a
25 little bit. The difference between the two parties'

09:52:20

1 orders, there is really a substantive difference and then
2 just a form difference.

3 The substantive difference is the plaintiff -- and, by
4 the way, we're a declaratory judgment action plaintiff.

09:52:38

5 So the defendants are patent owners. They have now filed
6 their counterclaims and added parties of patent
7 infringement.

09:52:53

8 Our position as the -- I guess the defendant in the
9 counterclaim is that factual discovery should be stayed
10 until the *Markman* hearing. And, you know, Judge Eskridge
11 did that in a recent patent case. The theory behind it is
12 that these cases can get very expensive very quickly on
13 discovery. The *Markman* order, as you know, is the
14 critical order that helps the parties understand the scope
15 of the patent which can either keep the case expansive or
16 limit it.

09:53:14

17 So if you look at all the proposed dates, that's the
18 difference, substantively, between the parties. We have
19 asked for a stay of discovery. And so, we have added,
20 essentially, eight weeks to all the deadlines after the
21 *Markman*. So if the Court is not going to stay discovery,
22 you can simply enter the defendants' proposed scheduling
23 order because we don't object to that, other than the
24 concept of the stay of discovery.

09:53:30

09:53:44

25 If you are going to stay discovery, we had proposed

1 adding eight weeks. You may say that's too much time.

2 You may say that's too little time.

3 The other difference -- and I apologize for this -- on
4 our side. So if you look at the defendants' proposal,
09:53:59 5 they give you actual dates after the *Markman* order. So if
6 you look at their column, they track the -- this Court
7 scheduling order and they actually fill in the dates.

8 We don't fill in the dates. And the only reason we
9 did that was to have a discussion with the Court about
09:54:14 10 whether you want us to after the *Markman* order. The
11 scheduling order calls for the *Markman* order to be issued
12 six weeks after the hearing. Sometimes that happens.
13 Sometimes it doesn't.

14 And so, we're comfortable with a floating set of dates
09:54:29 15 after the *Markman*, which gives us a little bit of
16 flexibility so we don't have to come back and ask the
17 Court to change any of the dates.

18 If the Court doesn't prefer that and you say, "No. I
19 want the dates in there I have told you in your scheduling
09:54:41 20 order. If I issue my *Markman* a little bit later, you can
21 come and ask for deviations," we are also happy to enter
22 the dates.

23 So those are, I think, the two big differences. One
24 is substance and one is the form that we didn't fill in
09:54:55 25 the dates because we wanted to talk to you about having

1 potentially floating dates for the post-*Markman*.

09:55:10

2 THE COURT: Understood. And let me say this. On
3 the dates issue, you know, at least right now, Judge Brown
4 is going to handle. He might refer to me, as he has done
5 before, the *Markman* hearing. But you know -- although I
6 do like the idea of telling him he has got to issue a
7 ruling within a certain amount of time, I'm not sure
8 that -- you know, it's one thing if I was handling it, I
9 could tell you I would be done by a certain date.

09:55:26

10 Let me ask, I guess Mr. Herman, what is your view on
11 the discovery stay issue?

09:55:37

12 MR. HERMAN: Thank you, Your Honor. First of
13 all, I have been in Houston federal court several times,
14 never in Galveston. What a beautiful courthouse from the
15 photographs, and I think you would be a very entertaining
16 and informative and a great judge; but you are not the
17 right judge for this case because this case should be
18 going forward in front of Judge Albright in the Western
19 District of Texas.

09:55:54

20 THE COURT: I totally understand. You know, let
21 me say this.

22 MR. HERMAN: And in all honesty -- yes. Go
23 ahead.

09:56:02

24 THE COURT: Your point is well taken. And,
25 obviously, that motion has got to be decided. I mean, let

1 me say this: That motion, if the motion is granted, Judge
2 Albright will handle it; and we'll never hear -- we will
3 never hear from this again. If it's denied, then we go
4 forward here.

09:56:15

5 I simply want to make sure I put a schedule in place.
6 Which it is sort of our standard practice that I have got
7 a schedule in place to cover all this.

09:56:29

8 MR. HERMAN: That is fine, Your Honor. And I
9 think litigants use the word "irony" too often; but it's
10 incredibly ironic that Mr. Alavi, who is a very
11 sophisticated patent lawyer, is suggesting that you adopt
12 Judge Albright's practice, since Judge Albright in Waco is
13 bifurcating, if you will. He has no real discovery,
14 except for jurisdictional discovery, until the *Markman*
15 hearing. But that's not the standard in the Southern
16 District of Texas under any circumstance.

09:56:48

17 And so if this case is going to go forward in front of
18 you or Judge Brown, we don't see any reason to deviate
19 from the normal discovery procedures, which is a
20 full-blown discovery. If the case is going to go forward
21 in front of Judge Albright, then Mr. Alavi will have the
22 schedule, basically, that he is suggesting you adopt.

09:57:03

23 So from our perspective, Your Honor, we don't know --
24 if you want to enter a schedule, obviously, that's your
25 prerogative. We would suggest that you just wait until

09:57:21

1 after the briefing, after the hearing, or however the
2 motion to dismiss is going to be decided, and then enter a
3 schedule there as the case goes forward. I don't know --

09:57:38 4 THE COURT: Let's say we did that. Let's say we
5 did that. And then, if I did that and it stays here in
6 Galveston, then what? Then what is -- then are we going
7 to have a fight over which of your two schedules to put in
8 place?

9 MR. HERMAN: I think if the case stays here in
09:57:50 10 Galveston, there would then be -- I guess there still will
11 be a dispute about which schedule should go forward, yes.

12 THE COURT: So, Mr. Alavi, isn't the first issue
13 we should decide whether to stay here or go?

14 MR. ALAVI: I don't think so, Your Honor. If you
09:58:17 15 decide to keep the case, for example, it's better for us
16 to have the schedule in place now. We have had the
17 scheduling conference.

18 If you decide to transfer the case, which I don't
19 think you are going to do, all the parties are based in
09:58:29 20 the Southern District of Texas --

21 THE COURT: By the way, it's amazing how
22 confident both sides are on their positions on this issue.
23 The greatest motion. It's the most ridiculous motion.
24 I'm with you. I hear you.

09:58:41 25 MR. ALAVI: Well, I'm not using those -- I'm not

1 using pejoratives. I think, ultimately, when you decide
2 it and you see that everyone is based in Houston, you are
3 going to keep the case in the Southern District of Texas.
4 But if you -- if you just play it out, if you deny the
09:58:53 5 motion, it's better for us to have a schedule because we
6 can proceed and not have to have another scheduling
7 conference and have these dates in front of us.

8 If you transfer the case, the schedule goes away
9 anyway; and Judge Albright enters a schedule. But the
09:59:07 10 parties benefit from moving forward on certain aspects of
11 the case while you are deciding the venue motion because
12 that work will be beneficial wherever the case is. For
13 example, an exchange of *Markman* terms and the *Markman*
14 process.

09:59:23 15 With respect to the stay on discovery, we had this
16 issue with Judge Eskridge in the Southern District
17 recently in a case that we handled. It is entirely within
18 your discretion how you handle discovery in these cases.
19 There is -- there is no standard practice. It depends on
09:59:40 20 the judge. And so we --

21 THE COURT: I understand.

22 MR. ALAVI: We argue as --

23 THE COURT: Mr. Herman, you -- I mean, I assume
24 you want -- would you want to do discovery while the
09:59:53 25 decision on whether to transfer the case is pending or are

1 you saying wait until the -- issue the decision and then
2 conduct discovery?

3 MR. HERMAN: Your Honor --

4 MR. ALAVI: Our position on this -- to answer the
10:00:06 5 question, Judge, our position on the discovery is that the
6 discovery should be stayed until the *Markman*.

7 THE COURT: No. No. I'm with you. I'm with
8 you. I was asking Mr. Herman.

9 MR. ALAVI: Oh, I'm sorry. I thought you were
10:00:17 10 asking me. I apologize.

11 THE COURT: No. No.

12 MR. HERMAN: Your Honor, if the case is going to
13 go forward in the Southern District of Houston, then we
14 want to conduct discovery.

10:00:26 15 If the case is going to go forward in front of Judge
16 Albright in Waco, then we're going to follow his schedule
17 and the way he does things.

18 THE COURT: But let me re-ask this again. So
19 let's say there is no decision for five weeks on --

10:00:40 20 hypothetically, for five weeks or six weeks on the motion
21 to transfer venue. Do you want to conduct discovery in
22 those six weeks or are you willing to wait until Judge
23 Brown issues a ruling on the venue and then you want to
24 pursue discovery, understanding that Mr. Alavi's position
10:00:56 25 is no discovery until the *Markman* hearing?

1 MR. HERMAN: Yeah. Under those circumstances,
2 Your Honor, we would be willing to wait until the motion
3 to dismiss or transfer has been heard -- has been decided.
4 So we're okay with foregoing discovery until a decision is
5 made whether the case is going to go forward in the
6 Southern District or in the -- in Waco.

10:01:08

7 THE COURT: So let me ask this. At least for the
8 time being, what if I do this. What if I set some --
9 well, do you -- is there any reason not to set the first
10 few deadlines here on the scheduling order? I mean, sort
11 of the disclosure of asserted claims. You are going to
12 have to do that no matter where you are, right?

10:01:28

13 MR. ALAVI: That's correct, Your Honor. And we
14 don't have a disagreement on those dates, that I think the
15 dates that are proposed by both sides simply follow the
16 Court's schedule through --

10:01:47

17 THE COURT: Right. So here is what I'm thinking.
18 Why don't I just do those dates? Because that goes
19 through June. And then, if Judge Brown sends the case to
20 Judge Albright, you are there.

10:02:04

21 If he doesn't, then I can just call a quick
22 conference. You know, you guys confer and see if you can
23 agree to a schedule and then we can just call a quick
24 conference to set up sort of a revised schedule. Because
25 it all, to me, sort of depends on when he has that -- when

10:02:17

1 he makes that decision.

2 MR. HERMAN: Your Honor, could I -- could I ask
3 my colleague, Mr. Heard, to address that just because he
4 was looking at the dates and is familiar with it?

10:02:30 5 THE COURT: Absolutely. Absolutely.

6 MR. HEARD: And, Your Honor, those dates are
7 fine. As Mr. Alavi alluded to, we will have to do them in
8 either jurisdiction, and we're prepared to move forward on
9 them. So I think your proposal makes sense.

10:02:44 10 MR. ALAVI: Your Honor, I would ask Mr. Heard one
11 question, if I may, which is I do think that the
12 defendants had a request that some initial damage
13 disclosures be delayed if discovery didn't commence
14 immediately.

10:03:03 15 And so, Your Honor, I think that they may -- given
16 that you are talking about perhaps staying discovery until
17 the motion to transfer venue is decided, they may still
18 want that particular deadline moved. And we told them
19 that we would not oppose that because, of course, if they
10:03:20 20 don't have discovery, they can't do those initial damage
21 calculations.

22 THE COURT: Let's do this. I want to -- it's
23 sort of -- I mean, it's unusual but, you know, it is a
24 patent infringement case. So I am going to stay discovery
10:03:34 25 until you get a ruling on the motion to transfer venue.

1 But I do want to put an order in place, at least with the
2 dates you all have agreed on.

10:03:46

3 Would you just -- after this hearing, would you confer
4 and then just shoot an e-mail to my case manager to let me
5 know which dates -- I mean, it looks like the first four
6 can be agreed to -- but to give you an opportunity to
7 think about it or if you need to address it, you know, to
8 make sure we are all on the same page.

10:03:57

9 MR. ALAVI: We can do that on the dates, Your
10 Honor. May I get a clarification on the discovery stay?

11 THE COURT: Certainly.

10:04:11

12 MR. ALAVI: So the request that we had made was
13 to stay non-*Markman* discovery because we may want to
14 proceed with *Markman* discovery since you are going to
15 enter dates that lead to *Markman*.

16 And then, the second piece is we did want to pursue
17 and we talked to the DynaEnergetics lawyers about pursuing
18 what is called system art discovery, which is prior art
19 that's a system and not published --

10:04:23

20 THE COURT: Right.

10:04:40

21 MR. ALAVI: -- because we think it's relevant to
22 the *Markman*. And so we would like to be able to pursue
23 that through, at least the subpoena phase, to the system
24 owners, primarily Schlumberger, to start that ball rolling
25 because it will take a while for them to, you know, file

1 their objections, et cetera, et cetera.

2 THE COURT: I understand. Mr. Herman and
3 Mr. Heard, you don't have an objection to that, do you?

4 MR. HERMAN: Your Honor, it seems like Mr. Alavi
10:04:53 5 wants to have his cake and eat it, too. But for the
6 interest of just getting through this initial scheduling
7 conference, we can agree to it.

8 THE COURT: Okay.

9 MR. HERMAN: We want this case to proceed.
10:05:03 10 Right. We are the plaintiff. We want to get to trial
11 faster.

12 THE COURT: I understand. You just -- you want
13 it to proceed. You just want it to proceed before Judge
14 Albright and not here. That's fine. There is no
10:05:10 15 criticism there. That's obviously -- okay.

16 Well, then, do me a favor. Since you all are at least
17 agreed on that, get together and make sure you have the
18 dates. If there is something you want me to put in the
19 order, I want to make sure I have the language clear that
10:05:23 20 both parties have agreed to on what discovery can't go
21 forward and can go forward, at least for the time being,
22 and make it clear I'm not ruling on the ultimate issue of
23 whether discovery is generally -- you know, should be
24 stayed up till after the *Markman* hearing in general.

10:05:38 25 That's -- we'll address both sides' views on that, if we

1 get to that point in the case.

2 MR. HERMAN: Thank you, Your Honor.

3 MR. ALAVI: Thank you, Your Honor. I have three
4 questions for you, Your Honor. The first two are
10:05:50 5 combined, which is what would you like us to do about the
6 agreed discovery order, which lays out the scope of
7 discovery, and the agreed --

8 THE COURT: So the agreed discovery order, you
9 are agreed on it, right?

10:06:03 10 MR. ALAVI: That's the last I heard. I just want
11 to make sure, given the -- your current ruling may have
12 changed that, with respect to the parties. So I don't
13 want to presume that we are still agreed because we
14 anticipate it --

10:06:14 15 THE COURT: Let me say this. If you are agreed
16 on it, I'm going to sign it. Okay. So I was about to
17 sign it. I just wanted to have this conference. Do me a
18 favor, given what we've just talked about, you get
19 together. If you are agreeable on it, just let me know in
10:06:28 20 the e-mail to Mr. Bostic; and I'll sign the agreed order.

21 With respect to the protective order, I will tell you
22 exactly. My view is that I'm going to sign the protective
23 order the way it's usually done in the Southern District
24 of Texas and, at least for the time being, not include the
10:06:43 25 prosecution bar. Just -- so that's what I'm going to do

1 on that, at least for the time being.

2 MR. ALAVI: And, Your Honor, that should -- if
3 that becomes an issue, should we raise that through the
4 letter brief process, the discovery issue?

10:06:56 5 THE COURT: Yes.

6 MR. ALAVI: Thank you, Your Honor.

7 THE COURT: Okay. Then if you don't mind, if you
8 could, by the end of the day, hopefully, get back with
9 Mr. Bostic because I do want to enter that schedule. But
10:07:06 10 I greatly appreciate it. Sorry it took so long. You were
11 at the end. But I'm glad we got it done and great to see
12 all of you again. And Judge Brown and I look forward to
13 working with you. Obviously, some of you want to work
14 with us longer than others, and I fully understand that.
10:07:24 15 We will see you and base it on the papers and argument.
16 So best of luck. Thank you very much. You are excused.

17 ALL COUNSEL: Thank you, Your Honor.

18 THE COURT: And that concludes the initial
19 scheduling conferences for Thursday the 11th of March,
10:07:42 20 2021.

21 *(Proceedings concluded at 10:07 a.m.)*

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1 Date: April 23, 2021

2 **COURT REPORTER'S CERTIFICATE**

3 I, Laura Wells, certify that the foregoing is a
4 correct transcript from the record of proceedings in the
5 above-entitled matter.

6 /s/ Laura Wells

7 Laura Wells, CRR, RMR

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